STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE

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MEMORANDUM

To: Assessing Officials and County Auditors

From: Department of Local Government Finance

Date: April 2007

Subject: Personal Property – Inventory Deduction Reporting

The Indiana General Assembly passed legislation making inventory a 100% deduction starting with the March 1, 2006 payable 2007 assessment year (see IC 6-1.1-12-42) for Personal Property. Although inventory will be 100% deducted for the majority of taxpayers (the exception being those in a Maritime Opportunity District, Industrial Recovery Site, etc.), taxpayers will still need to report the deduction in the Summary Section of their Personal Property Assessment Return (Form 103-Long, Form 103-Short, Form 103-C, and Form 104). The Inventory Deduction is reported on Line #54 of Form 102 (Farmer's Tangible Personal Property Assessment Return).

The County Assessor should report their values net of the inventory deduction to the County Auditor. The County Assessor should also provide the amount of inventory deduction that they applied by taxing district. Hence, the County Auditor will not be responsible for applying the inventory deduction and should apply all other deductions and exemptions to gross assessed value net of inventory.

If you have any questions, please contact your field representative or the assessment division at 317-232-3773.